

Intervene was received July 13, 2000, from the South Carolina Telephone Coalition (“SCTC”).

On August 16, 2000, counsel for the SCTC filed with the Commission a Stipulation in which Madison River stipulated that it would seek authority in non-rural local exchange (“LEC”) service areas of South Carolina and that it would not provide any local service to any customer located in a rural incumbent's service area, unless and until Madison River provided written notice of its intent prior to the date of the intended service. Madison River also stipulated that it was not asking the Commission to make a finding at this time regarding whether competition is in the public interest for rural areas. Madison River agreed to abide by all State and Federal laws and to participate to the extent that it may be required to do so by the Commission in support of universally available telephone service at affordable rates. The SCTC withdrew its opposition to the granting of a statewide Certificate of Public Convenience and Necessity to Madison River provided the conditions contained in the Stipulation are met. At the hearing on this matter, the Stipulation was entered into evidence as Hearing Exhibit No. 1. The Stipulation is approved and attached as Order Exhibit 1.

A hearing was commenced on August 23, 2000, at 12:00 p.m. in the Commission's Hearing Room. The Honorable William Saunders, Chairman, presided. D. Lawrence Kristinik, Esquire, represented Madison River; Florence P. Belser, Deputy General Counsel, represented the Commission Staff. The SCTC did not appear at the hearing, and pursuant to the Stipulation, the SCTC did not oppose the Application of Madison River. (See Hearing Exhibit No. 1).

Jack Sanders, Senior Vice President of Operations of Madison River, appeared and testified in support of the application. According to Mr. Sanders, Madison River is organized as a Delaware limited liability company that has received authorization to transact business within the State of South Carolina from the Secretary of State for South Carolina. Madison River's principal office is located in Mebane, North Carolina. Madison River is a wholly-owned subsidiary of Madison River Telephone Company, LLC. Madison River Telephone Company, LLC is also a Delaware limited liability company and is a holding company formed for the purpose of acquiring and operating rural telephone companies in the United States.

Madison River seeks authority to provide facilities-based and resold local exchange, exchange access, and interexchange telecommunications services throughout the State of South Carolina. Madison River seeks to provide a full range of local exchange, exchange access, and interexchange telecommunications services, except in telephone franchised areas within the State where the incumbent local exchange companies may have state or federal exemptions preventing competition in their areas. Initially, Madison River will offer end-user services only in the areas of the State currently being served by BellSouth, Sprint, and GTE.

Mr. Sanders offered that Madison River has the managerial and technical abilities to provide the services for which it seeks authority. According to Mr. Sanders, Madison River Telephone Company, LLC, the parent company of Madison River, has subsidiaries that are presently providing local and interexchange telecommunications services in other states. Madison River will be drawing upon the experience and expertise of its parent and

sister companies in the provision of telecommunications services in South Carolina. Madison River Telephone Company, LLC has subsidiaries which operate as incumbent local exchange carriers as well as subsidiaries that operate as competitive local exchange companies. ILEC companies within Madison River Telephone Company, LLC operate in four states (Illinois, North Carolina, Georgia, and Alabama) and serve approximately 200,000 access lines. CLEC service is being provided by Madison River Telephone Company, LLC in two states, and competitive long distance service is being provided in Florida, Alabama, Mississippi, Georgia, North Carolina, and Illinois. In order to provide services in these other states, Mr. Sanders stated that Madison River Telephone Company, LLC established numerous operating systems including service order systems, end user billing systems, carrier access billing systems, and accounting systems. The management team of Madison River Telephone Company, LLC and Madison River has over 245 years of combined telecommunications experience. This management team brings together the essential elements of large and small company experiences and entrepreneurial successes.

With regard to the financial ability to provide the services for which authority is requested, Mr. Sanders offered that Madison River is financially qualified to render the service for which it seeks authority. Madison River, through its owner Madison River Telephone Company, LLC, has access to the capital necessary to fulfill the obligations it may undertake with respect to providing telecommunications services within South Carolina. As an example of Madison River Telephone Company, LLC's access to financial markets, Madison River Telephone Company, LLC, in March 2000, through

one of its subsidiaries, raised \$200 million of senior notes through placement to qualified institutional buyers. A review of the financial statements included with the Application indicate that Madison River Telephone Company, LLC, on which Madison River will be relying for capital, is a liquid company with a strong current ratio indicating that there are ample current assets to meet current liabilities. Further, equity is positive due to additional paid in capital by stockholders.

According to Mr. Sanders, Madison River intends to provide service through resale of the services of incumbent local exchange carriers, as well as through use of its own facilities. Madison River has an extensive network of fiber optic facilities and modern switching equipment. Mr. Sanders testified that Madison River's network can easily be extended to serve new locations through collocation of fiber terminal equipment in the central offices of the incumbent local exchange carriers.

Upon certification from this Commission, Mr. Sanders warranted that Madison River will abide by all the Rules and Regulations of the South Carolina Public Service Commission. Mr. Sanders affirmed that Madison River would participate in support of universally available telephone service at affordable rates and that Madison River would provide services which meet the applicable service standards of the Commission. Further, Mr. Sanders testified that the provision of local service by Madison River would neither adversely impact the public interest nor would Madison River's service adversely impact the availability of affordable local exchange service. Mr. Sanders offered that approval of Madison River's application is in the public interest by expanding the number of choices telecommunications users have for their local service provider. Additionally, increased

competition will ultimately improve the quality of telecommunications services and through innovation and efficiency will ensure the cost of service is maintained at its lowest possible level. The result will be beneficial to economic development in South Carolina and to residential and business end-user customers.

Michael T. Skrivan, Executive Vice President of Revenues for Madison River, offered testimony regarding the End User Common Line Charge ("EUCL") which was included in Madison River's intrastate tariff. Staff, in comments suggesting tariff revisions to Madison River's proposed tariff, requested that Madison River delete that portion of the intrastate tariff where Madison River included the EUCL. (See Hearing Exhibit No. 2, page 2). Staff stated in the comments that the EUCL charges are federal charges that are passed through to the customers and requested that Madison River delete these charges from the intrastate tariff. Mr. Skrivan stated that Madison River wanted to keep the EUCL in the intrastate tariff for marketing reasons. According to Mr. Skrivan, ILECs are required by the FCC to list the EUCL in the interstate tariff. However, this requirement does not apply to CLECs. Mr. Skrivan testified that Madison River can provide a small savings to its customers if allowed to file the EUCL in the intrastate tariff because the EUCL would not be subject to the federal universal service charge if the EUCL is listed on the intrastate, rather than the interstate tariff.

By its Application, Madison River requested waivers from certain Commission regulations and requirements. Specifically, Madison River requested waivers from (1) any requirement found in Rule 103-610 that all records be kept within the State of South Carolina; and (2) the requirement found in Rule 103-631 to publish and distribute local

exchange directories. Mr. Sanders testified that Madison River would keep its books and records at its principal place of business in Mebane, North Carolina and that the books and records would be available for inspection. Mr. Sanders also indicated that Madison River would make arrangements to have customer numbers published in ILEC directories.

After full consideration of the applicable law, the Company's Application, and the evidence presented at the hearing, the Commission hereby issues its findings of fact and conclusions of law:

FINDINGS OF FACT

1. Madison River is organized as a limited liability company under the laws of the State of Delaware and is authorized to do business as a foreign corporation in the State of South Carolina by the Secretary of State.

2. Madison River is a provider of resold and facilities-based interexchange, local exchange, and exchange access telecommunications services, and Madison River wishes to provide its services in South Carolina.

3. The Commission finds, based upon the evidence presented at the hearing, that Madison River has the managerial, technical, and financial resources to provide the services as described in its Application. S.C. Code Ann. Section 58-9-280 (B)(1) (Supp. 1999).

4. The Commission finds that Madison River's "provision of service will not adversely impact the availability of affordable local exchange service." S.C. Code Ann. Section 58-9-280 (B)(3) (Supp. 1999).

5. The Commission finds that Madison River will support universally available telephone service at affordable rates. S.C. Code Ann. Section 58-9-280 (B)(4) (Supp. 1999).

6. The Commission finds that Madison River will provide services which will meet the service standards of the Commission. S.C. Code Ann. Section 58-9-280 (B)(2) (Supp. 1999).

7. The Commission finds that the provision of local exchange service by Madison River “does not otherwise adversely impact the public interest.” S.C. Code Ann. Section 58-9-280 (B)(5) (Supp. 1999).

8. The Commission finds that the End User Common Line Charge is a federally mandated charge which should not be included in Madison River’s intrastate tariff.

9. The Commission finds that waivers of Reg. 103-610 (maintaining books and records within the state) and Reg. 103-631 (publishing local directories) as requested by Madison River are in the public interest and should be granted.

CONCLUSIONS OF LAW

1. Based on the above findings of fact, the Commission determines that a Certificate of Public Convenience and Necessity should be granted to Madison River to provide competitive resold and facilities-based intrastate local exchange service in South Carolina. The terms of the Stipulation between Madison River and SCTC are approved and adopted as a part of this Order, Exhibit 1. Any proposal to provide service to rural service areas is subject to the terms of the Stipulation. In addition, Madison River is

granted authority to provide intrastate interLATA interexchange service and to originate and terminate toll traffic within the same LATA, as set forth herein, through the resale of intrastate Wide Area Telecommunications Services (WATS), Message Telecommunications Service (MTS), directory assistance, travel card service or any other services authorized for resale by tariffs of carriers approved by the Commission.

2. Madison River shall only charge those rates and charges approved in its tariffs on file with the Commission, as provided in S.C. Code Ann Section 58-9-230 (Supp. 1999). Madison River shall delete that portion of its intrastate tariffs that include the federal charge known as the End User Common Line Charge, and Madison River shall not charge the End User Common Line charge as an intrastate charge. The Commission does not approve of filing federally-mandated charges as intrastate charges absent express direction to do so. While the Commission recognizes that Madison River illustrated a potential savings to end-users by filing the EUCL as an intrastate charge rather than a federal charge, this Commission concludes that federally imposed charges over which the Federal Communications Commission has jurisdiction should remain as interstate charges included in the interstate tariff, not the intrastate tariff.

3. Madison River shall file, prior to offering local exchange telecommunications services in South Carolina, its final tariff of its local service offerings conforming to all matters discussed with Staff and comporting with South Carolina law in all matters.

4. Any proposed change in rates for local telecommunications services must be made in compliance with S.C. Code Ann. Sections 58-9-520 (Supp. 1999) and 58-9-540 (Supp. 1999).

5. With regard to the long distance service offerings of Madison River, the Commission adopts a rate design which includes only maximum rate levels for each tariff charge. A rate structure incorporating maximum rate levels has been previously adopted by the Commission. In Re: Application of GTE Sprint Communications Corporation, etc., Order No. 84-622, issued in Docket No. 84-10-C (August 2, 1984).

Madison River shall not adjust its long distance rates below the approved maximum level without notice to the Commission and to the public. Madison River shall file its proposed rate changes, publish its notice of such changes, and file affidavits of publication with the Commission two weeks prior to the effective date of the changes. However, the public notice requirement is waived, and therefore not required, for reductions below the maximum cap in instances which do not affect the general body of subscribers or do not constitute a general rate reduction. In Re: Application of GTE Sprint Communications, etc., Order No. 93-638, issued in Docket No. 84-10-C (July 16, 1993). Any proposed increase in the maximum rate level for intrastate interexchange services reflected in the tariff which would be applicable to the general body of the Company's subscribers shall constitute a general ratemaking proceeding and will be treated in accordance with the notice and hearing provisions of S.C. Code Ann. §58-9-540 (Supp. 1999).

6. If it has not already done so by the date of issuance of this Order, Madison River shall file its revised maximum long distance tariff and an accompanying price list within thirty (30) days of receipt of this Order. The revised tariff shall be consistent with the findings of this Order and shall be consistent with the Commission's Rules and Regulations.

7. Madison River is subject to access charges pursuant to Commission Order No. 86-584 in which the Commission determined that for access purposes resellers should be treated similarly to facilities-based interexchange carriers.

8. With regard to the Company's resale of interexchange service, an end-user should be able to access another interexchange carrier or operator service provider if the end-user so desires.

9. Madison River shall resell the services of only those interexchange carriers or LECs authorized to do business in South Carolina by this Commission. If Madison River changes underlying carriers, it shall notify the Commission in writing.

10. With regard to the origination and termination of toll calls within the same LATA, Madison River shall comply with the terms of Order No. 93-462, Order Approving Stipulation and Agreement, in Docket Nos. 92-182-C, 92-183-C, and 92-200-C (June 3, 1993), with the exception of the 10-XXX intraLATA dialing requirement, which has been rendered obsolete by the toll dial parity rules established by the Federal Communications Commission, pursuant to the Telecommunications Act of 1996 (See, 47 CFR 51.209).

11. Madison River shall file surveillance reports on a calendar or fiscal year basis with the Commission as required by Order No. 88-178 in Docket No. 87-483-C. Please refer to the Commission's Website www.psc.state.sc.us/forms for the annual report forms. This two page report is entitled "Annual Information on South Carolina Operations for Interexchange Companies and AOS".

12. Further, Madison River shall file such other annual financial information as the Commission requires of competitive local exchange companies. This information includes annual reports and gross receipts reports. As the surveillance report, the annual report and the gross receipt report necessitate the filing of intrastate information, Madison River shall keep such financial records on an intrastate basis as needed to comply with these reporting requirements. Please refer to the Commission's Website at www.psc.state.sc.us/forms for this four page report entitled "Annual Report for Competitive Local Exchange Carriers." This form shall be utilized by the Company to provide the Commission with annual financial information on the Company's intrastate operations.

13. The Company shall, in compliance with Commission regulations, designate and maintain an authorized utility representative who is prepared to discuss, on a regulatory level, customer relations (complaint) matters, engineering operations, tests and repairs. In addition, the Company shall provide to the Commission in writing the name of the authorized representative to be contacted in connection with general management duties as well as emergencies which occur during non-office hours.

Madison River shall file the names, addresses and telephone numbers of these representatives with the Commission within thirty (30) days of receipt of this Order.

Please refer to the Commission's Website at www.psc.state.sc.us/forms for this one page report. It shall be utilized for the provision of this information to the Commission.

Further, the Company shall promptly notify the Commission in writing if the representatives are replaced, and the Company is directed to comply with the Commission regulations unless waived by the Commission.

14. Madison River shall conduct its business in compliance with Commission decisions and Orders, both past and future, including but not limited to, any and all Commission decisions which may be rendered in Docket No. 96-018-C regarding local competition.

15. The Commission finds the reasoning behind Madison River's requests for waivers of (1) Reg. 103-610 - maintaining books and records within the state, and (2) Reg. 103-631 - publishing its own directory reasonable and hereby grants the waivers of those specific regulations. Madison River has indicated that its principal place of business is located in Mebane, North Carolina. The Company has indicated that it will make its records available for inspection upon request by the Commission. Madison River shall make reporting requirements as required of all CLECs and IXC's operating in South Carolina. Madison River is directed to comply with all Commission regulations, unless a regulation is specifically waived by the Commission.

16. Title 23, Chapter 47, South Carolina Code of Laws Ann., governs the establishment and implementation of a "Public Safety Communications Center," which is more commonly known as a "911 system" or "911 service." Services available through a 911 system include law enforcement, fire, and emergency medical services. In

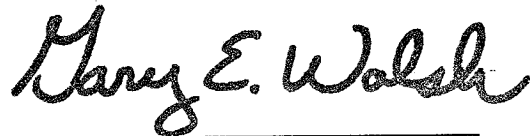
recognition of the necessity of quality 911 services being provided to the citizens of South Carolina, the Commission hereby instructs Madison River to contact the appropriate authorities regarding 911 service in the counties and cities where the Company will be operating. Contact with the appropriate authorities is to be made before beginning telephone service in South Carolina. Accompanying this Order is an information packet from the South Carolina Chapter of the National Emergency Number Association (“SC NENA”) with contact information and sample forms. The Company may also obtain information by contacting the E911 Coordinator at the Office of Information Resources of the South Carolina Budget and Control Board. By this Order and prior to providing services within South Carolina, Madison River shall contact the 911 Coordinator in each county, as well as the 911 Coordinator in each city where the city has its own 911 system, and shall provide information regarding the Company’s operations as required by the 911 system.

17. This Order shall remain in full force and effect until further Order of the Commission.

BY ORDER OF THE COMMISSION:


Chairman

ATTEST:



Executive Director

(SEAL)

"original"

DOCKET NO. 2000-240-C
ORDER NO. 2000-745
SEPTEMBER 7, 2000
EXHIBIT #1

POWERED

ACCEPTED
Legal 8/17/00 QOK

BEFORE
THE PUBLIC SERVICE COMMISSION
OF
SOUTH CAROLINA

Docket No. 2000-0240-C

AUG 16 2000
RECEIVED

Re: Application of Madison River Communications,)
LLC for a Certificate of Public Convenience and)
Necessity to Provide Resold and Facilities-based)
Local Exchange and Resold and Facilities-based)
Interexchange Telecommunications Services in)
the State of South Carolina)

STIPULATION

The South Carolina Telephone Coalition ("SCTC") (see attachment "A" for list of companies) and Madison River Communications, LLC ("Madison River") hereby enter into the following stipulations. As a consequence of these stipulations and conditions, SCTC does not oppose Madison River's Application. SCTC and Madison River stipulate and agree as follows:

1. SCTC does not oppose the granting of a statewide Certificate of Public Convenience and Necessity to Madison River, provided the South Carolina Public Service Commission ("Commission") makes the necessary findings to justify granting of such a certificate, and provided the conditions contained within this stipulation are met.
2. Madison River stipulates and agrees that any Certificate which may be granted will authorize Madison River to provide service only to customers located in non-rural local exchange company ("LEC") service areas of South Carolina, except as provided herein.
3. Madison River stipulates that it is not asking the Commission to make a finding at this time regarding whether competition is in the public interest for rural areas.
4. Madison River stipulates and agrees that it will not provide any local service, by its own facilities or otherwise, to any customer located in a rural incumbent LEC's service area, unless

RETURN DATE: OK DBW
SERVICE: OK DBW

and until Madison River provides such rural incumbent LEC and the Commission with written notice of its intent to do so at least thirty (30) days prior to the date of the intended service. During such notice period, the rural incumbent LEC will have the opportunity to petition the Commission to exercise all rights afforded it under Federal and State law. Also, Madison River acknowledges that the Commission may suspend the intended date for service in rural LEC territory for ninety (90) days while the Commission conducts any proceeding incident to the Petition or upon the Commission's own Motion, provided that the Commission can further suspend the implementation date upon showing of good cause.

5. Madison River stipulates and agrees that, if Madison River gives notice that it intends to serve a customer located in a rural incumbent LEC's service area, and either (a) the Commission receives a Petition from the rural incumbent LEC to exercise its rights under Federal or State law within such 30-day period, or (b) the Commission institutes a proceeding of its own, then Madison River will not provide service to any customer located within the service area in question without prior and further Commission approval.

6. Madison River acknowledges that any right which it may have or acquire to serve a rural telephone company service area in South Carolina is subject to the conditions contained herein, and to any future policies, procedures, and guidelines relevant to such proposed service which the Commission may implement, so long as such policies, procedures, and guidelines do not conflict with Federal or State law.

7. The parties stipulate and agree that all rights under Federal and State law are reserved to the rural incumbent LECs and Madison River, and this Stipulation in no way suspends or adversely affects such rights, including any exemptions, suspensions, or modifications to which they may be entitled.

8. Madison River agrees to abide by all State and Federal laws and to participate, to the extent it may be required to do so by the Commission, in the support of universally available telephone service at affordable rates.

9. Madison River hereby amends its application and its prefiled testimony in this docket to the extent necessary to conform with this Stipulation.

AGREED AND STIPULATED to this 8th day of August, 2000.

Madison River Communications, LLC:

Michael T. Skrivan

South Carolina Telephone Coalition:

Margaret M. Fox

M. John Bowen, Jr.
Margaret M. Fox
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(803) 799-9800

Attorneys for the South Carolina Telephone
Coalition

ATTACHMENT A

**South Carolina Telephone Coalition Member Companies
for Purposes of Local Service Stipulation**

ALLTEL South Carolina, Inc.
Chesnee Telephone Company
Chester Telephone Company
Farmers Telephone Cooperative, Inc.
Ft. Mill Telephone Company
Heath Springs Telephone Company Inc.
Home Telephone Company, Inc.
Lancaster Telephone Company
Lockhart Telephone Company
McClellanville Telephone Company
Norway Telephone Company
Palmetto Rural Telephone Cooperative, Inc.
Piedmont Rural Telephone Cooperative, Inc.
Pond Branch Telephone Company
Ridgeway Telephone Company
Rock Hill Telephone Company
Sandhill Telephone Cooperative, Inc.
St. Stephen Telephone Company
West Carolina Rural Telephone Cooperative, Inc.
Williston Telephone Company

BEFORE
THE PUBLIC SERVICE COMMISSION
OF
SOUTH CAROLINA

Docket No. 2000-0240-C

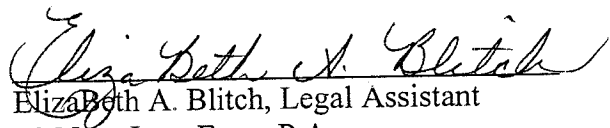
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Re: Application of Madison River Communications,)
LLC for a Certificate of Public Convenience and)
Necessity to Provide Resold and Facilities-based)
Local Exchange and Resold and Facilities-based)
Interexchange Telecommunications Services in)
the State of South Carolina)
_____)

**CERTIFICATE OF
SERVICE**

I, ElizaBeth A. Blitch, do hereby certify that I have this date served one (1) copy of the foregoing Stipulation upon the following party of record by causing said copy to be deposited with the United States Mail, first class postage prepaid to:

Kevin A. Hall, Esquire
Nelson, Mullins, Riley & Scarborough, LLP
Post Office Box 11070
Columbia, South Carolina 29211.


ElizaBeth A. Blitch, Legal Assistant
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August 16, 2000

Columbia, South Carolina